

# **HEALTH SERVICES AND DEVELOPMENT AGENCY**

## **MINUTES**

### **MAY 23, 2007**

#### **AGENCY MEMBERS PRESENT**

Koella, Carl, III, Chair  
Caldwell, Gene, M.D., Vice Chair  
Atchley, Bryan  
Gaither, Keith, designee for the TennCare Director  
Handorf, Charles, M.D.  
Jones, Clark  
Lammert, Gregory  
Morris, John, designee for the Commissioner of Commerce and Insurance  
Troy, Peggy  
Weaver, Faye, designee for the Comptroller of the Treasury

#### **AGENCY STAFF PRESENT**

Hill, Melanie, Executive Director  
Bobbitt, Melissa, Administrative Services Assistant III  
Brogden, Reid, General Counsel  
Christoffersen, Jim, Deputy General Counsel  
Craighead, Alecia, Statistical Analyst III  
Farber, Mark, Assistant Executive Director  
Finchum, Rhonda, Office Manager  
Grimm, Jeff, Health Planner III  
Wells, Phil, Health Planner III

#### **GUESTS PRESENT**

Alexander, Dave A., Jr., M.D., Tennessee Orthopaedic Alliance  
Arnold, Greg, Mitchell Manor  
Baker, Jennifer, Director, Clinical Integration, IPMC  
Benton, Tony, Assistant Vice President, Strategic Planning, Mountain State Health Alliance  
Bodary, Ronald L., Vice President, Professional Services, Cumberland Medical Center  
Bone, Gordon, Mitchell Manor  
Brent, Michael D., Esq., Boulton, Cummings, Connors & Berry  
Brinkley, Ruth W., Pres/CEO, Memorial Health Care Services  
Brown, Dere, NHC  
Bunnell, Bill, Executive Director, Imaging Services, Memorial Health Care Services  
Castell, Marcia, Vice President, Marketing, Memorial Health Care System  
Cook, Brian, COO, Hendersonville Medical Center  
Corritore, Danell, Department of Health  
Cravens, Tom, Esq., Kramer Rayson  
Culp, Joe, Department of Health  
Curtis, Sandra, Director Strategic Planning, Memorial Health Care Services  
Day, Edwin, Consultant  
Dittmar, Kathy, Director of Breast Services, Memorial Health Care Services  
Duncan, Bruce, Assistant Vice President, NHC  
Elrod, Dan H., Esq., Miller & Martin  
Etten, Joann, CEO, Women's Hospital, Centennial Medical Center  
Falls, Noel, Consultant, Falls Marketing Group, Inc.

Frazier, Linda, System Director Radiology, MSHA  
Fultz, Karen, CFO, Tennessee Orthopaedic Alliance  
Houchin, Barbara, St. Thomas Health System  
Jacobs, Lanell, Vice President of Cancer Services, Memorial Health Care Services  
Linn, Laura, Senior Planning Analyst, MSHA  
Luchessi, Jane, Strategic Planning Project Manager, Memorial Hospital  
Marshall, John, CEO, Horizon Medical Center  
Maxwell, David, Associate Administrator, University Medical Center  
McGill, Andrew, Vice President, Business Development, MCHS  
McNally, Sara, St. Thomas Health System  
Mitchell, Kay, M.D., Lebanon Surgical Center  
Moore, Todd, Administrator, NHC-Hendersonville  
Morrical, Mike, COO, University Medical Center  
Nitch, Matt, ESA Architects  
Parson, Cathy, MI Director, Cumberland Medical Center  
Patonai, Steve, SkyRidge Medical Center  
Phillips, Susie, Director Radiology, IPMC  
Poland, Gary, MRI Director, Tennessee Orthopaedic Alliance  
Rawlings, Maurice, M.D., Surgical Oncologist, Clinical Medical Director, MaryEllen Locher Breast Center  
Serago, Mark, Assistant Vice President, Oncology Services, MSHA  
Sloan, Sheena, Mitchell Manor  
Smith, Jr., Ernest R., M.D., Horizon Medical Center  
Stein, Paul, Stein & Associates  
Stidham, Jim, President, Legacy Healthcare Group, P.C.  
Taylor, Jerry W., Esq., Farris, Mathews, Branam, Bobango, Hellen & Dunlap, PLC  
Thomas, Susan, Mitchell Manor  
Thompson, Ann R., Health Care Facilities, Department of Health  
Trauger, Byron, Esq., Trauger & Tuke  
Varnell, Lanett, M.D., Radiologist, Radiology Medical Director, MaryEllen Locher Breast Center  
Wade, Steve, Executive Director, Tennessee Orthopaedic Alliance  
Wellborn, John, Consultant, Development Support Group

**Chairman Koella called the meeting to order at 8:30 a.m. in Room 160, 1<sup>st</sup> Floor Conference Room, Davy Crockett Tower, Nashville, Tennessee.**

### **DIRECTOR'S ANNOUNCEMENTS**

Melanie Hill, Executive Director, made general announcements and stated that nursing home in-service training would possibly be scheduled for the June meeting.

### **CERTIFICATE OF NEED APPLICATIONS**

*Mark Farber summarized the following CON applications:*

#### **Lebanon Surgical Center - (Lebanon, Wilson County) - Project No. CN0702-011**

The replacement and relocation of the existing multi-specialty surgery center from 1414 Baddour Parkway, Lebanon (Wilson County), TN 37087 to a leased site on the campus of University Medical Center at 1401 Baddour Parkway, Lebanon (Wilson County), TN 37087. The existing facility will be replaced with a 15,665 square foot facility and will increase operating rooms from one (1) to three (3) and increase procedures rooms from one (1) to two (2). The facility will be constructed by a third party and leased back to the applicant for an initial period of ten (10) years. Project Cost \$8,625,538.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Speaking in support were: Kay Mitchell, M.D.; Noel Falls, Consultant; and David Maxwell, Associate Administrator, University Medical Center.

Present in support were: Vince Cherry; Jim Stidham, President, Legacy Healthcare Group, P.C.; and Mike Morrical, COO, University Medical Center.

Dr. Handorf moved for approval of the project based on: 1) Need – The need for the replacement of the facility with expansion has been established; 2) Economic Feasibility – The project is economically feasible through real estate lease, capital equity contributions and line of credit; and 3) The project does contribute to the orderly development of adequate and effective health care as they are a TennCare provider and licenses are in place. Mr. Lammert seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella  
NAY: None

#### **Memorial Hospital - (Chattanooga, Hamilton County) - Project No. CN0702-012**

The acquisition of an additional magnetic resonance imaging (MRI) scanner located at Memorial Hospital. The MRI scanner will be dedicated to breast imaging. Project Cost \$1,713,848.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency and Lanett Varnell, M.D., Radiologist, Radiology Medical Director, MaryEllen Locher Breast Center spoke on behalf of the project. Present in support of the project were: Ruth W. Brinkley, President/CEO, MHCS; Sandra Curtis, Director, Strategic Planning, MHCS; Jane Lucchesi, Strategic Planning Project Manager, MHCS; Andrew McGill, Vice President, Business Development, MCHS; Maurice Rawlings, M.D., Surgical Oncologist, Clinical Medical Director, MaryEllen Locher Breast Center; Lanell Jacobs, Vice President, Cancer Services, MHCS; Bill Bunnell, Executive Director, Imaging Services MHCS; Kathy Dittmar, Director, Breast Services, MHCS; Marcia Castell, Vice President, Marketing, Memorial Health Care System; and Andrew McGill, Vice President, Business Development, MHCS.

Ms. Troy moved for approval of the project based on: 1) Need – There is a need; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care. Dr. Handorf seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella  
NAY: None

#### **Fort Sanders Outpatient Cardiac Catheterization Center - (Knoxville, Knox County) - Project No. CN0702-013**

The initiation of cardiac catheterization services in a freestanding outpatient facility in 4,575 square feet of leased space in an existing building. The proposed center will include one cardiac catheterization lab and needed support space. Project Cost \$3,792,707.94.

#### **DEFERRED TO THE AUGUST MEETING**

#### **NHC Place at Hendersonville - (Hendersonville, Sumner County) - Project No. CN0702-014**

The replacement and relocation of the existing thirty-two (32) licensed bed Hendersonville Nursing Home and the addition of thirty \*(30) new Medicare certified nursing home beds for a total of sixty-two (62) nursing home beds to be located within the Willowbrooke planned unit development. The project will be part of a larger continuum of care community which will also offer approximately eighty (80) assisted living units. Project Cost \$13,426,341.00. \* These beds will be subject to 125 Nursing Home Bed Pool for 2006-2007.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Brian Cook, COO, Hendersonville Medical Center and Todd Moore, Administrator, NHC Place at Hendersonville spoke on behalf of the project. Bruce Duncan, Assistant Vice President, NHC was present on behalf of the project.

Mr. Lammert moved for approval of the project based on: 1) Need – There is a need in Sumner County for the additional beds; 2) Economic Feasibility – The project is economically feasible from cash reserves of NHC; and 3) The project does contribute to the orderly development of adequate and effective health care with this new facility. Mr. Atchley seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella  
NAY: None

#### **Indian Path Medical Center - (Kingsport, Sullivan County) - Project No. CN0702-015**

The initiation of mobile positron emission tomography (PET) imaging services one (1) day per week on the campus of Indian Path Medical Center. Project Cost \$468,700.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Tony Benton, Assistant Vice President, Strategic Planning spoke on behalf of the project. Present in support of the project were: Susie Phillips, Director Radiology, IPMC; Linda Frazier, Sys. Director Radiology, MSHA; Mark Serago, Assistant Vice President, Oncology Services, MSHA; Laura Linn, Senior Planning Analyst, MSHA; and Jennifer Baker, Director, Clinical Integration, IPMC.

Dr. Caldwell moved for approval of the project based on: 1) Need – The need is evidenced by the growth of the number of cancer patients; 2) Economic Feasibility – The project is economically feasible with cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care by providing a high quality cancer care center. It is a necessity to have access to PET scans to provide quality care for the cancer patients in this area. Mr. Jones seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella  
NAY: None

#### **Cleveland Imaging, LLC - (Cleveland, Bradley County) - Project No. CN0702-016**

The acquisition of a magnetic resonance imaging (MRI) unit and the initiation of MRI services. Project Cost \$1,445,989.00.

#### **DEFERRED TO THE JUNE MEETING**

#### **Mitchell Manor - (Lebanon, Wilson County) - Project No. CN0702-018**

The replacement and relocation of the nursing home from 152 South College Street, Lebanon (Wilson County), TN to an unaddressed site on the south side of Winter Drive near Babb Dr., Lebanon (Wilson County), TN. This project also includes the addition of eighteen \*(18) Medicare certified skilled nursing home beds to the existing forty-two (42), for a total of sixty (60) dually certified nursing home beds. This project is the subject of a development agreement between the owner/applicant, Mitchell Manor, Inc. and Community Progress Committee, Inc. (CPC). Pursuant to the development agreement, following completion and licensure of the replacement facility, CPC will acquire the nursing home. The new facility will be managed by Stein & Associates, LLC. Project Cost \$5,477,592.00. \* These beds will be subject to 125 Nursing Home Bed Pool for 2006-2007.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency. David Maxwell, Associate Administrator, University Medical Center and Paul Stein, Stein & Associates spoke in support of the project. Present in support of the project were: Gordon Bone, Paul Stein, Greg Arnold, Sheena Sloan, and Susan Thomas.

Dr. Caldwell moved for approval of the project based on: 1) Need – The need is indicated both by the hospital and need for beds; 2) Economic Feasibility – The project is economically feasible with CPC being in control; and 3) The project does contribute to the orderly development of adequate and effective health care by improving providing better quality care for the patients. **CONDITION: The new replacement facility's ownership is to transfer to Community Progress Committee, Inc. Management of the current facility, immediately upon approval of this CON, is to be provided by Stein & Associates which should improve the quality of care to the patients and correct current deficiencies. Legal proof and**

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**documentation is to be provided to HSDA that ownership was transferred from Mitchell Manor, Inc. to CPC, Inc.** Mr. Atchley seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella  
NAY: None

**Tennessee Orthopaedic Alliance, PA - (Nashville, Davidson County) - Project No. CN0702-019**

The acquisition of an extremities magnetic resonance imaging (MRI) unit limited to the patients of Tennessee Orthopaedic Alliance (TOA) physicians' office located at 4230 Harding Road, Suite 1000, Nashville (Davidson County), TN. TOA has two units, one unit in Nashville and one unit in Murfreesboro. This will be the third unit and second site in Nashville. Project Cost \$1,066,462.00.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency. Steve Wade, Executive Director spoke on behalf of the project. Present in support of the project were: Dave A. Alexander, Jr., M.D.; Karen Fultz, CFO; and Gary Poland, MRI Director.

Ms. Troy moved for denial of the project based on: 1) The project does not contribute to the orderly development of adequate and effective health care as 45 to 46 orthopedic doctors do not participate in TennCare. Mr. Gaither seconded the motion. The motion CARRIED [9-0-1]. **DENIED**

AYE: Jones, Gaither, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella  
NAY: None  
ABSTAINED: Weaver

**Horizon Medical Center - (Dickson, Dickson County) - Project No. CN0702-017**

Moved to end of Agenda.

**GENERAL COUNSEL'S REPORT**

**Cumberland Medical Center, Inc. - (Crossville, Cumberland County) - Project No. CN0412-108A**

Request for modification to increase mobile positron emission tomography (PET) from one (1) day per week to two (2) days per week. This project was approved at the March 23, 2005 Agency meeting for the initiation of mobile PET/CT imaging services one (1) day per week on the hospital campus with an expiration date of May 1, 2008. The project was implemented on July 25, 2005.

Ronald L. Bodary, Vice President, Professional Services, addressed the Agency and Cathy Parson, Director, Cumberland Medical Center was present in support of the project.

Ms. Troy moved for approval of the modification to increase the mobile PET services from one (1) to two (2) days per week. Mr. Gaither seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella  
NAY: None

**Centennial Medical Center - (Nashville, Davidson County) - Project No. CN0701-009**

Request for modifications to increase the renovated square footage of the NICU unit by an additional 5,429 square feet from 63,585 square feet to 69,014 square feet and to increase the estimated project cost by an additional \$3,673,742.00 from \$9,916,181.00 to \$13,589,923.00. This modification will result in 16 of the 24 Level III NICU beds having at least 150 square feet of space each. The remaining 8 Level III NICU bassinets will still have between 120-130 square feet of space each. This project was approved at the April 25, 2007 meeting for the renovation of neonatal care areas and construction of twenty (20) additional licensed neonatal intensive care unit (NICU) beds at the main campus. The project increased the NICU beds from forty (40) to sixty (60) and the licensed hospital bed complement from 586 to 606. The expiration date is June 1, 2010.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency. Present in support of the project were: Joann Ettien, CEO, Women's Hospital, Centennial Medical Center; Matt Nitch, ESA Architects; and John Wellborn, Consultant.

Ms. Troy moved for approval of the modifications to increase the project cost by \$3,673,742.00 and the additional expansion of square footage by 5,429 square feet. Mr. Lammert seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella

NAY: None

*Ms. Weaver left the meeting.*

## **CERTIFICATE OF NEED APPLICATIONS**

### **Horizon Medical Center - (Dickson, Dickson County) - Project No. CN0702-017**

The initiation of mobile extracorporeal shock wave lithotripsy (ESWL) services one (1) day per week. Project Cost \$318,000.00.

John Marshall, CEO, addressed the Agency and Ernest R. Smith, Jr., M.D., spoke on behalf of the project. John L. Wellborn, Consultant, was present on behalf of the project.

Dr. Handorf moved for approval of the project based on: 1) Need – The need is established through the volume; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care as they are a licensed organization and a TennCare provider. Mr. Jones seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Jones, Gaither, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella

NAY: None

## **CURRENT REPORTS**

### **Statistical Reports**

The reports were accepted into the record.

### **Finance, Ways and Means Committee Reports**

The reports were accepted into the record.

### **Minutes**

The minutes of the April 25, 2007, meeting were accepted by unanimous voice vote.

## **ADJOURNMENT**

There being no further business, the meeting adjourned.

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Melanie M. Hill, Executive Director

MMH/mab